

AGENDA: December 7, 2004

4.7

CATEGORY: Consent

DEPT.: Community Development

TITLE: Budget and Contract Amendments –
Outside Plan Checking and Inspection
Consultant Services

RECOMMENDATION

1. Authorize an increase in the appropriations of \$640,000 in the Community Development Department operating budget to augment Building Inspection contracts for outside plan check and inspection services. (Five votes required)
2. Authorize the City Manager to execute amendments to increase the contracts for outside plan check and inspection services with Harris & Associates, Inc. to \$60,000; CSG Consultants, Inc. to \$80,000; Hughes Associates, Inc. to \$60,000; and Linhart Petersen Powers Associates, Inc. to \$805,000.

FISCAL IMPACT

This request will increase expenditures in the Community Development Department's Building Division by \$640,000 for Fiscal Year 2004-05. The additional budget appropriation cost of the consultants' plan checking and inspection services is fully recovered from the plan checking and permit fees paid by the applicants.

BACKGROUND AND ANALYSIS

On August 17, 2004, the City Council approved the contracts for outside plan check and inspection services, which included CSG Consultant, Inc.; Harris & Associates, Inc.; Linhart Petersen Powers Associates, Inc.; and Hughes Associates. These consultants provide the Building Division outside structural, Fire Code and Building Code plan checking of residential and nonresidential buildings and inspection support to augment the division's permanent field inspection staff. The funding for these services is developed through the City's annual budget process and includes projections for future construction activity within the City's development review pipeline. This past year's budget for the Building Division was significantly impacted by the City's budget reduction strategy and the goal of being 100 percent cost recovered. As a result, a conservative funding allocation was recommended to support the outside consultant support contracts. The consultant funding levels approved in the Fiscal 2004-05 budget, combined with the reductions of 36 percent of the division's staffing levels in the past three-year budget cycles, have necessitated the request for additional funding and the amendment of these consultant contracts.

The key factors that have impacted the division's capabilities for managing this year's plan check and inspection workload is the reduction of staff in both the Building and Fire Inspection Sections and an increase in the daily workload in construction activity. Over the past three years, the permanent building inspection staffing levels have been reduced plus two consultant inspectors have been eliminated. While there was an expectation that construction activity would remain flat this year, that has not been the case through the first quarter. Plan checking and permit revenue is up over 54 percent (\$847,395) through September 30, 2004. Revenue for the remainder of this fiscal year is now estimated to be \$3,300,000. This surge in construction activity, coupled with the division's reduced resources, will require a greater use of consultants for the remainder of this fiscal year to manage both the ongoing workload and the expected increase resulting from both private and City projects (see Attachment 1).

The use of outside plan check and inspection services consultants is a key component in meeting the ongoing challenge to successfully support the workload and customer service expectation and adequate inspection support to meet the aggressive construction schedules. The support from Linhart Petersen Powers Associates, Inc.; Harris & Associates, Inc.; CSG Consultant, Inc.; and Hughes Associates, Inc. in supplying plan checking and field inspection personnel has been critical to managing the increased workload and will continue to be an important component in the Building Division's budget reduction and workload management strategy throughout this year. The use of these consultants is also important for maintaining the division's current level of economic development customer service and code enforcement responsibilities.

These four firms not only provide the Building Division with additional Building Code and Fire Code plan checking, inspection and Title 24 energy and handicapped accessibility plan checking services but, since the Building Division does not have a registered structural engineer on staff, they also provide structural plan checking and consulting services for the more complex structures and help implement the more restrictive engineering requirements. This level of structural engineering support will be critical in reviewing the Downtown Parking Structure, Palo Alto Medical Foundation and El Camino Hospital projects.

The term of these contract amendments is through July 31, 2005, with a 30-day notice prior to termination. The contract amendments are the updated standard contract version with the current insurance requirements and have been reviewed by the City Attorney's Office. The plan checking fees will not be paid unless the City has collected offsetting plan checking and permit revenue.

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PUBLIC NOTICING – Agenda posting.

Prepared by:

Approved by:

Ron Geary
Deputy Community Development
Director for Building and Safety

Elaine Costello
Community Development Director

Kevin C. Duggan
City Manager

RG/5/CAM
884-12-07-04M-E^

Attachment: 1. Increased Construction Activity Memo